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SUBJECT: Jordan's Pharmaceutical Sector Grew in 2008 but Sees  
Difficult Year Ahead

REFS: A. AMMAN 545  
      1B. AMMAN 472  
      1C. 08 AMMAN 3017  
      1D. 07 AMMAN 4962

1. (U) Summary: Jordan's domestic pharmaceutical sector saw its exports increase 18.1% in 2008 to reach a historic high of \$498 million, compared to \$422 million in 2007. Pharmaceuticals are considered Jordan's highest value-added industry and employ 8,000 Jordanian workers, many of whom are college-educated and female. While the sector continues to work on enhancing its ability to serve the European and U.S. markets, interlocutors agree that 2009 will be a difficult year revenue-wise due to the global economic slowdown. The sector's IPR compliance record remains good (ref A). Local representatives of Pharmaceutical Research and Manufacturers of America (PhRMA) criticized the GOJ's sluggishness in purchasing the newest international drugs for its public hospitals and the preferences given to Jordanian manufacturers. End Summary.

Employing 8,000 Jordanian Workers, Many Female  
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2. (U) Jordan's 17 pharmaceutical companies employ 8,000 workers in manufacturing, clinical testing laboratories, and in related packaging companies. 99% of the employees are Jordanian; 30% of them have a college degree; and 39% are female, including many professional positions. Dr. Hanan Sboul, Secretary General of the Jordanian Association of Pharmaceutical Manufacturers, said the pharmaceutical sector has a high percentage of female professionals because pharmacy schools in Jordan are disproportionately female. The sector's growing reputation for good work at relatively high wages is, however, increasing the number of men entering university pharmaceutical programs.

Feeling Impact of Global Economic Crisis  
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3. (SBU) Jordan's domestic pharmaceutical manufacturing sector has been viewed as one of the most promising export industries with high local value-add. The sector manufactures primarily generic and branded generic drugs, 70% of which are exported to 65 countries, including the United States. Pharmaceutical exports increased 18.1% in 2008 to \$498 million, the industry's highest level to date, from \$422 million in 2007 (ref D). In just five years, these exports grew 167% from \$186 million in 2003. Sboul confirmed that 2008 was a good year for Jordan's drug manufacturers but said sales slowed in

the fourth quarter and predicted a significant decline in 2009 due to the global economic slowdown. She believes the association's goal of reaching \$1.4 billion in exports in 2011 is now unlikely.

¶4. (SBU) Sboul was most concerned about protectionist actions being taken by the Algerian government to keep out foreign drugs, including Jordan's, and to protect its own small pharmaceutical sector. Algeria accounts for 20% of Jordan's pharmaceutical exports valued at approximately \$100 million. Sboul said that even the four Jordanian companies with operations in Algeria will be limited to selling just Algerian-made products in Algeria. Hiba Zarour, Intellectual Property Counsel for Hikma Pharmaceuticals (the largest pharmaceutical company in Jordan), said that Hikma has a factory in Algeria but that the country's vacillating industrial policy and the unpredictability of the law there had made it a difficult place to do business.

¶5. (SBU) Other challenges for the sector include competition from Egyptian drug manufacturers whose goods are often cheaper but of poorer quality, according to the Jordan Food and Drug Administration. Sboul said Iraq represents a good future opportunity but added that the level of corruption and the pervasiveness of counterfeit drugs there have hindered export plans. The current credit crunch in Jordan is also making it difficult to expand business. Zarour noted that Hikma is interested in acquiring other companies, particularly as a way to open factories abroad, but has had difficulty obtaining financing for such acquisitions.

Respecting IPR

¶6. (SBU) All interlocutors complimented the state of intellectual property (IP) rights law and government's enforcement of IP for pharmaceuticals in Jordan. Zarour said that the government's commitment has been increasing and that there are regular raids on counterfeit drugs, including counterfeits of Hikma's brands. Sboul added that while Jordan's pharmaceutical sector had struggled with IP in the past, those problems were growing pains as it learned how to operate under the WTO agreement. Samir Mansour, Regional Representative, PhRMA, said that his organization believes Jordan's IPR model, including legislation, regulation, and enforcement, should be emulated in the region. He said PhRMA registered Special 301 complaints against Saudi Arabia, Israel, and Lebanon but had no IPR concerns with Jordan (ref A).

Complaints about GOJ Bias against International Firms

¶7. (SBU) While complimenting the GOJ's IPR approach, Mansour complained that the GOJ's business practices are biased in favor of local manufacturers and against international companies which constitute 70% of sales revenues. He claimed pricing directives lacked transparency and pointed to a ten percent price advantage awarded to Jordanian companies bidding for government tenders. He added that the government committee which identifies drugs for purchase by the country's largest customer, the Ministry of Health, had not added any new international drugs to its tenders in the last two years. He said such delays erode the years of data protection and data exclusivity, as well as impact patient health. Some of these new drugs also happen to be the most profitable for the foreign manufacturers. Mansour also questioned whether the absence of the newest medications at public hospitals would jeopardize Jordan's medical tourism sector.

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